

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**May 31, 2020**

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name and title of the signatory.

**EUGENE H. SCHIED  
ACTING CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**MANAGEMENT OVERVIEW  
MAY 31, 2020**

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**Balance Sheets**

Cash and cash equivalents had a month-end balance of approximately \$171.7 million. The balance decreased by \$7.1 million for the month due to cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2021.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. The balance increased by \$47 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$15.7 million. Its balance decreased by approximately \$6.8 million from prior month primarily due to the collection of annual operating fees.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$1.3 million for the month primarily due to vendor/trade and relocation payments.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Note payable to National Credit Union Share Insurance Fund is the 1992 construction loan for the NCUA King Street Station building.

**Statements of Revenues, Expenses, and Changes in Fund Balance**

Revenues in excess of expenses totaled \$3.7 million for the month. Operating fees reflects one-twelfth of the 2020 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 61.3 percent of expenses to the Share Insurance Fund.

**Statements of Cash Flows**

The cash position decreased \$7.1 million from prior month. In the current month, \$5.5 million was used in operating activities and \$1.5 million was used in investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable totaled \$112 thousand.

**Other Information**

The Agency had 56 vacancies as of month-end. Of the 56 vacancies, 56 were in the regions and Asset Management and Assistance Center (AMAC). The 56 vacancies represent 4.7 percent of total authorized staff of 1,185. Annualized travel spend per employee is \$10.0 thousand.

**NATIONAL CREDIT UNION ADMINISTRATION**  
**OPERATING FUND**  
**BALANCE SHEETS**  
**As of May 31, 2020 and 2019**  
**(Dollars in thousands)**

|  | <b>May 2020</b>       | <b>May 2019</b>       |
|--|-----------------------|-----------------------|
| <b>ASSETS</b>  |                       |                       |
| Cash and cash equivalents  | \$ 171,685            | \$ 166,267            |
| Due from National Credit Union Share Insurance Fund  | 145                   | 2,546                 |
| Employee advances  | 16                    | 57                    |
| Other accounts receivable, Net   | 15,704                | 333                   |
| Prepaid expenses and other assets  | 5,776                 | 7,692                 |
| Fixed assets - Net of accumulated depreciation of \$36,437 and \$39,966 as of May 31, 2020 and May 31, 2019, respectively      | 30,558                | 28,180                |
| Intangible assets - Net of accumulated amortization of \$21,681 and \$18,741 as of May 31, 2020 and May 31, 2019, respectively | 25,438                | 12,161                |
| <b>TOTAL ASSETS</b>  | <b>\$ 249,322</b>     | <b>\$ 217,236</b>     |
| <br><b>LIABILITIES AND FUND BALANCE</b>  |                       |                       |
| <b>LIABILITIES</b>   |                       |                       |
| Accounts payable and accrued other liabilities   | \$ 8,368              | \$ 4,364              |
| Obligations under capital leases   | 706                   | 1,182                 |
| Accrued wages and benefits   | 11,206                | 10,737                |
| Deferred revenue <sup>1</sup>  | 84,926                | 80,339                |
| Accrued annual leave   | 19,804                | 20,215                |
| Note payable to National Credit Union Share Insurance Fund   | 4,470                 | 5,811                 |
| <b>TOTAL LIABILITIES</b>   | <b>129,480</b>        | <b>122,648</b>        |
| <br><b>FUND BALANCE</b>  | <br><b>119,842</b>    | <br><b>94,588</b>     |
| <br><b>TOTAL LIABILITIES AND FUND BALANCE</b>  | <br><b>\$ 249,322</b> | <br><b>\$ 217,236</b> |

<sup>1</sup>The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE**

**For the periods ended May 31, 2020 and 2019**

**(Dollars in thousands)**

|   | <u>May 2020</u>   | <u>Year-to-Date<br/>May 2020</u> | <u>Year-to-Date<br/>May 2019</u> |
|---|-------------------|----------------------------------|----------------------------------|
| <b>REVENUES</b>                                   |                   |                                  |                                  |
| Operating fees                                    | \$ 12,133         | \$ 60,664                        | \$ 57,392                        |
| Interest  | 14                | 268                              | 987                              |
| Other   | 29                | 365                              | 428                              |
| Total Revenues                                    | <u>12,176</u>     | <u>61,297</u>                    | <u>58,807</u>                    |
| <b>EXPENSES, NET<sup>1</sup></b>                  |                   |                                  |                                  |
| Employee wages and benefits                       | 6,892             | 36,259                           | 35,544                           |
| Travel  | 62                | 1,829                            | 3,395                            |
| Rent, communications, and utilities               | 129               | 860                              | 994                              |
| Contracted services                               | 1,003             | 6,327                            | 5,821                            |
| Depreciation and amortization                     | 247               | 1,187                            | 1,029                            |
| Administrative                                    | 146               | 944                              | 1,500                            |
| Total Expenses, Net                               | <u>8,479</u>      | <u>47,406</u>                    | <u>48,283</u>                    |
| <b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b> | 3,697             | 13,891                           | 10,524                           |
| <b>FUND BALANCE—Beginning of period</b>           | <u>116,145</u>    | <u>105,951</u>                   | <u>84,064</u>                    |
| <b>FUND BALANCE—End of period</b>                 | <u>\$ 119,842</u> | <u>\$ 119,842</u>                | <u>\$ 94,588</u>                 |

<sup>1</sup>Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 61.3% and 60.5% for 2020 and 2019, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**STATEMENTS OF CASH FLOWS**

**For the periods ended May 31, 2020 and 2019**

**(Dollars in thousands)**

|   | <b>May 2020</b> | <b>Year-to-Date<br/>May 2020</b> | <b>Year-to-Date<br/>May 2019</b> |
|---|-----------------|----------------------------------|----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                 |                                  |                                  |
| Excess of revenues over (under) expenses  | \$ 3,697        | \$ 13,891                        | \$ 10,524                        |
| Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities: |                 |                                  |                                  |
| Depreciation and amortization   | 638             | 3,066                            | 2,607                            |
| (Gain) Provision for loss on disposal of assets held for sale   | -               | (11)                             |                                  |
| (Increase) decrease in assets:  |                 |                                  |                                  |
| Due from National Credit Union Share Insurance Fund   | (47)            | 2,164                            | 1,477                            |
| Employee advances   | -               | (9)                              | 286                              |
| Other accounts receivable, net  | 6,804           | (15,343)                         | 97                               |
| Prepaid expenses and other assets   | (427)           | (1,762)                          | (5,014)                          |
| (Decrease) increase in liabilities:   |                 |                                  |                                  |
| Accounts payable  | 1,264           | (934)                            | (5,910)                          |
| Accrued wages and benefits  | (5,263)         | (3,265)                          | (4,040)                          |
| Deferred revenue  | (12,135)        | 84,926                           | 80,339                           |
| Accrued annual leave  | -               | 859                              | 1,436                            |
| Accrued employee travel   | -               | (708)                            | (619)                            |
| Net Cash Used in Operating Activities   | (5,469)         | 82,874                           | 81,183                           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                 |                                  |                                  |
| Purchases of fixed and intangible assets  | (1,546)         | (4,987)                          | (5,949)                          |
| Proceeds from sale of assets held for sale  | -               | 434                              | -                                |
| Net Cash Used in Investing Activities   | (1,546)         | (4,553)                          | (5,949)                          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                 |                                  |                                  |
| Repayments of note payable to National Credit Union Share Insurance Fund  | (112)           | (558)                            | (558)                            |
| Principal payments under capital lease obligations  | -               | (570)                            | (531)                            |
| Net Cash Used in Financing Activities   | (112)           | (1,128)                          | (1,089)                          |
| <b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | (7,127)         | 77,193                           | 74,145                           |
| <b>CASH AND CASH EQUIVALENTS—Beginning of period</b>  | 178,812         | 94,492                           | 92,122                           |
| <b>CASH AND CASH EQUIVALENTS—End of period</b>  | \$ 171,685      | \$ 171,685                       | \$ 166,267                       |
| <b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>  |                 |                                  |                                  |
| Acquisition of equipment under capital lease  | \$ -            | \$ 83                            | \$ -                             |
| <b>CASH PAYMENTS FOR INTEREST</b>   | \$ 6            | \$ 35                            | \$ 50                            |

The balances in the statement above are preliminary and unaudited.